



EAC, an initiative of Canadian Manufacturers & Exporters

**Employers' Advocacy Council**  
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April 18, 2011

Ms. Diane Weber  
Director, WSIB Funding Review  
Workplace Safety and Insurance Board  
200 Front Street West  
Toronto ON M5V 3J1

By email to [submissions@wsibfundingreview.ca](mailto:submissions@wsibfundingreview.ca)

**Re: EAC Submission on WSIB Funding Review**

Dear Ms. Weber:

On behalf of the Employers' Advocacy Council (EAC) and its 400 members, we wish to thank the Workplace Safety & Insurance Board (WSIB) for the opportunity to provide feedback on the WSIB Funding Review.

The EAC is a member-based non-profit employer group with a presence throughout the province of Ontario and an initiative of Canadian Manufacturers & Exporters. The EAC takes great pride in being the leading source of information, training and advocacy on workplace safety insurance. For 26 years, through our advocacy, workshops and safety group program, we work with employers to reduce worker compensation costs, the number of worker claims and to prevent workplace injuries. EAC's vision is to work with employers and eliminate workplace injuries and their costs.

As Ontario's leading workplace safety insurance advocate, the EAC looks forward to working with the WSIB to build a foundation for a sustainable workplace health and safety insurance system for Ontario.

Our submission is attached for your consideration. Please feel free to contact me if you have any questions.

Sincerely,

Maria Dagainis,  
Director, Government Relations & Membership

## **EAC Submission on WSIB Funding Review**

April 18, 2011

### **Stakeholder Input and Notice Period:**

The Employers' Advocacy Council (EAC) wishes to thank the Workplace Safety & Insurance Board (WSIB), Chair Arthurs, the Advisory Committee and the Funding Review Staff for the opportunity to provide input on the following Funding Review issues: Funding, Premium Rates, Rate Groups, Employer Incentive Programs, and the Indexation of Partial Disability Benefits.

The EAC is a member-based non-profit employer group, and an initiative of Canadian Manufacturers & Exporters. The EAC takes great pride in being the leading source of information, training and advocacy on workplace safety insurance. For 26 years, through our advocacy, workshops and safety group program, we work with employers to reduce worker compensation costs, the number of worker claims and help them to prevent workplace injuries.

The EAC is a founding member of the WSIB Safety Group program. This year the EAC has over 140 companies participating in the Safety Group program. We have 3 distinct chapters: Canadian Vehicle Manufacturers' Association, Magna and a Multi-Sector group. In 2009, our Safety groups received a combined rebate of \$1.6 million. In addition, the EAC's training seminars have expanded to now include seminars in both Insurance/Compensation and Health and Safety. Some of the seminars include Return to Work and Claims Cost Management, briefings on the Workplace Safety & Insurance Act, Appeals, and preparing for Ministry of Labour Inspector Visits.

As a founding member of the Ontario Business Coalition, the EAC expresses support for the position submitted by the Ontario Business Coalition (OBC) which will be presented to the Chair of this Funding Review on April 26, 2011. EAC did attempt to reschedule our presentation date to allow for the tabling of the OBC response but that was not possible. We are here, therefore, to provide our position in support of the OBC response, the technical aspects of which we will leave for the presentation of OBC's technical expert, Mr. Ted Nixon on April 26, 2011.

Lastly, included in this submission are a few additional points as raised by the EAC membership.

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### **EAC Response to WSIB Funding Review:**

WSIB President and CEO David Marshall, noted “we are taking important steps in ensuring that the workplace safety and insurance system is financially stable now and for future workers and employers...These steps, along with our continuing commitment to accountability and fiscal responsibility, will steer us toward our goal of achieving full funding, while preserving workers benefits and ultimately lowering employer premiums.”

Recognizing that Ontario’s Workplace Safety and Insurance Board (WSIB) plays a key role in the province’s occupational health and safety system, the EAC welcomes the opportunity to work with the WSIB in achieving a sustainable future where transparency, accountability and long term financial sustainability are key attributes and requirements for a viable workplace safety insurance system.

The 2009 Annual Report of the Auditor General of Ontario reviewed the WSIB’s projected unfunded liability and commented on the large unfunded liability and the risk that this poses to the system’s financial viability. The need for the WSIB to improve its financial position by eliminating the projected unfunded liability and move towards a fully funded system is a topic that has generated tremendous interest and discussion in the employer community and is one that the EAC supports and remains committed to by proactive engagement with the WSIB and provincial government.

According to the WSIB, a fully funded system is the standard for most other Canadian workers’ compensation systems. Future benefits are secure and employer premiums are lower. Full funding means a fair system for all who rely on it, and stable and competitive premium rates for employers. To fulfill this, the EAC recommends that the WSIB adopt a funding policy of full funding of the cost of new injuries and an objective to eliminate the unfunded liability over an acceptable period of time. Fifteen years may be an acceptable period of time but a thorough investigation of the current financial assumptions, used to determine the liabilities is required before a commitment can be given regarding an acceptable durations.

While EAC defers the discussion on the premium rate methodology to OBC’s technical expert, the EAC can provide recommendations on system improvements that have the potential for improved revenues.

One recommendation that the EAC believes can make a positive contribution to revenues is an option to include a worker co-payment or contribution. EAC recommends that a feasibility study be conducted by an external organization to study the impact of a worker co-payment or worker contribution.

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There has been considerable discussion in the employer community regarding the simplification yet equitable distribution of the rate group structure and classification system. As previously noted, while the EAC cannot comment directly on the technical aspects of the rate groups, the EAC recommends a closer examination of the current rate. As noted in the OBC Response, it is unclear why the issue of rate group structure is included in the funding discussion as it would not improve or diminish the overall funding level of the system.

Regarding employer incentive programs, EAC supports the position of the Ontario Business Coalition as presented to the Chair of this Funding Review on April 26, 2011. The EAC would like to reiterate the importance of employer incentive programs and that there is a clear difference between experience rating in a group insurance program and incentive programs that motivate behavioural change. The NEER, CAD-7 and MAP programs are technical rating programs used to adjust the premium pricing of employers based on financial claim costs results that are different than what was expected in the average premium rate for the rate group. The Safety Groups Program (SGP) and the Safe Communities Incentive Program (SCIP) are true incentive programs to motivate behavioural change. As such, experience rating is cost based and not a reward/penalty system and the cost based experience rating is a necessary element in the financial management of workers' compensation in Ontario.

Regarding the indexation of partial disability benefits, the EAC supports the position of the Ontario Business Coalition as presented to the Chair of this Funding Review on April 26, 2011. We are not prepared to support or endorse any increase in the indexing formula for recipients of partial disability benefits.

#### **Conclusion and Recommendation Summary:**

In summary, the EAC remains committed to working with the WSIB in the promotion of a viable workplace safety insurance system. The EAC would also like the WSIB to take note that the EAC will continue to work diligently on behalf of Ontario employers to ensure that their concerns are voiced and that the proper steps are taken to ensure an adequate and fair workers' compensation system model in the years to come.



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In summary, EAC's key recommendations are as follows:

1. That the WSIB adopt a funding policy of full funding of the cost of new injuries and an objective to eliminate the unfunded liability over an acceptable period of time. That fifteen years may be an acceptable period of time but a thorough investigation of the current financial assumptions, used to determine the liabilities is required before a commitment can be given regarding an acceptable durations.
2. That a feasibility study be conducted by an external organization to study the impact of a worker co-payment or worker contribution.
3. The EAC would like to reiterate the importance of employer incentive programs and that there is a clear difference between experience rating in a group insurance program and incentive programs that motivate behavioural change
4. That the EAC is not prepared to support or endorse any increase in the indexing formula for recipients of partial disability benefits.

In closing the EAC would like to reiterate that it supports the views of the Ontario Business Coalition.

The EAC welcomes WSIB's efforts to engage employers in more meaningful and proactive consultative processes and is willing to assist in the development of key programs that facilitates stakeholder value. The EAC would also like to emphasize the urgency for EAC members as our members are recovering from challenging economic times and they are seeking a safe, harmonious and prosperous workplace.

The EAC thanks you for your consideration.